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# Chile

# **Dairy and Products Annual**

# Whole and Non Fat Dry Milk Annual

## **Approved By:**

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# **Report Highlights:**

Chile's dairy production is expected to increase again this year, as weather has been favorable for grass production which is the primary feed for dairy cattle in Chile.

# **Executive Summary:**

Chile's milk production is expected to increase again in 2012 (Jan-Dec). As a result of good weather conditions which is an important factor for pasture production. Chile's dairy cattle are grass fed so high-quality and abundant grass lead to increased milk production. The industry is projecting another expansion, the outlook for the next years' milk production is to increase further as large producers are expanding their operations and many farmers invest in new technologies and animal genetics.

#### **Commodities:**

Select

#### **Production:**

Chile's total milk output increased 3.6 percent from 2.53 billion in 2010 to 2.62 billion liters in 2011. Milk production increased at a slightly slower rate than last year due to colder than normal temperatures last spring (Sept-Dec 2011) that delayed the growth of pastures reducing milk output slightly. Over 80 percent of the dairy herd is fed in grazing fields, supplemental feed is used only by large producers during the winter months.

Better weather conditions during the spring 2012 and expected for summer of 2012 (January through March) will expand total milk production another 3.2 percent for CY 2012 to an estimated 2.71 billion liters, when compared to the previous year.

	Total Rec'd by Industry	Fluid Milk	Dry Milk	Butter	Cheese	Farmers Cheese	Yogurt (Million Liters)	Conden. Milk
Year	Million Liters				Thousand	Kilograms-		
1980	592	127	32,566	4,016	13,902	3,868	15,054	7,835
1990	890	138	45,126	6,448	24,513	5,422	0,939	8,325
1995	1,358	225	61,418	6,651	40,816	5,873	67,663	8,674
1997	1,497	271	65,726	9,582	43,712	7,106	79,423	10,219
1998	1,530	269	70,877	11,159	46,528	7,631	82,243	13,244
1999	1,470	279	60,597	11,007	44,777	7,034	100,203	15,742
2000	1,447	275	59,669	9,855	44,718	7,167	106,624	24,400
2001	1,637	291	71,464	11,836	50,417	7,150	95,249	25,418
2002	1,605	296	67,710	11,551	53,075	7,480	127,057	24,190
2003	1,563	293	61,867	10,849	53,037	7,555	139,344	30,558
2004	1,676	289	63,633	13,084	58,849	8,296	159,828	38,698
2005	1,723	298	62,792	14,655	67,176	10,507	189,436	39,645
2006	1,818	319	69,491	17,157	62,072	9,088	157,980	43,426
2007	1,871	330	74,204	18,229	61,745	8,579	162,505	45,287
2008	1,972	323	102,955	16,765	57,369	7,960	178,215	41,501
2009	1,773	341	73,431	17,102	56,526	8,139	191,933	33,255
2010	1,896	367	82,321	21,086	64,558	8,349	198,825	36,829
2011	2,104	369	92,812	21,041	80,620	9,135	222,063	34,579
2011*	1,141	214	47,240	11,780	45,955	5,331	125,235	17,586
2012**	1,129	225	44,487	12,899	45,394	5,317	133,796	23,920

Year 2012\*\* January through July Source: Ministry of Agriculture

Chile currently has an estimated 16,000 dairy farmers with approximately 460,000 cows in production, of which 80 percent are considered small producers and the whole dairy industry employs directly and indirectly an estimated 35,000 workers.

#### **Trade:**

Other Latin American countries are the main destinations for Chile's dairy exports, led by Mexico at 26 percent and Colombia with a 17 percent of total Chilean dairy exports. Close to 40 percents of these exports are made up of whole and non fat dry milk powder.

Milk Prod	luct Export by Co	untry of Dest	ination
	January -	July	
Countries	Value (Thousand	d US\$ FOB)	Participation
	2011	2012	%
México	29,384	35,148	25.9
Colombia	5,486	23,408	17.2
Brazil	14,046	20,441	15.0
Venezuela	20,647	19,752	14.5
U.S.	10,447	7,548	5.6
Peru	8,998	6,585	4.8
Costa Rica	4,919	4,234	3.1
So. Korea	5,580	3,791	2.8
China	7,583	3,500	2.6
Cuba	3,035	1,907	1.4
Other	16,934	9,369	7.1
Total	127,059	135,956	100.0

**Source**: Ministry of Agriculture

Once again, Argentina was the main supplier of dairy products to Chile during 2012. The US is Chile's second most important supplier of dairy products.

Milk Product	Imports by C	=	gin
	January - Ju	ly	
Countries	Value (Thousa	nd US\$ CIF)	Part.
	2011	2012	%
Argentina	35,227	37,139	41.0
USA	19,443	30,378	33.6
New Zealand	5,903	13,646	15.1
Brazil	2,307	2.5	
Uruguay	2,522	2,113	2.3
Peru	1,068	1,378	1.5
France	813	1,125	1.2
Italy	281	478	0.5
Denmark	307	436	0.5
Canada	1,446	305	0.3
Others	1,756	1,312	1.5
Total	71,073	90,534	100.0

**Source**: Ministry of Agriculture

The dairy industry's export exceeds imports in volume and value. In CY2011 the trade balance expressed in fluid milk equivalent fell when compared to the previous year.

	Vol	lume (M.T	. Thous.Lt	rs)	Expresse	ed in fluid mi Lite	lk equivalen ers)	t (Thous.
Item	2009	2010	2011	2012	2009	2010	2011	2011
IMPORTS								
JHT								
Products	0	0	103	1.191	0	0	103	1,191
NFDM	3,147	818	4,643	5,452	36,159	9,399	53,348	62,643
Whole dry	3,11,	010	1,013	3,132	30,133	3,333	33/3 10	02,013
nilk	1,111	125	2,618	3,533	9,332	1,050	21,991	29,677
Cream	1	1	0	1	1	1	0	23,077
Evaporate	-	-	ŭ	-	-	-	J	-
d milk	869	811	636	797	1,999	1,865	1,463	1,833
Condensed	307	011	030	, , ,	1,000	1,003	1,403	1,000
milk	303	273	95	48	818	737	257	130
Yogurt	1,920	1,280	1,672	112	1,920	1,280	1,672	112
Butter	558	982	722	548	558	982	722	548
Cheese	5,305	3,894	5,996	9,461	53,050	38,940	59,960	94,610
Caramel	3,303	3,031	3,330	3,101	33,030	30,310	33,300	31,010
milk &								
others	1,772	1,840	1,417	1,123	3,898	4,048	3,117	2,471
Dairy	1,772	1,040	1,417	1,123	3,030	7,040	3,117	2,771
drinks	1	13	17	1	1	13	17	1
Total	-	13	Ξ,	-	110,083	60,505	144,367	193,217
						00,000	_ 1 1,002	
EXPORTS								
JHT								
Products	1,411	269	573	1,212	1,411	269	573	1,212
NFDM	, 53	1,521	1,616	4,020	609	17,476	18,568	46,190
Whole dry		•	,	,		•	•	•
nilk	9,918	6,712	11,287	10,239	83,311	56,381	94,811	86,190
Cream	152	146	117	276	152	146	117	276
vaporate								
d milk	17	13	2	1	39	30	5	2
Condensed	13,52	15,95						
milk	1	8	16,057	18,537	36,507	43,087	43,354	50,050
ogurt/	24	24	<sup>′</sup> 25	, 30	, 24	, 24	, 25	, 30
Butter	519	1,303	1,703	1,761	519	1,303	1,703	1,761
Cheese	5,451	6,454	6,470	5,398	54,510	64,540	64,700	53,980
Caramel	, -	, -	,	,	, -	, -	,	-,
nilk &								
thers	2,156	2,079	1,914	2,289	4,743	4,574	4,211	5,036
Dairy	,	,	, -	,	,	, -	, -	-,
-	~-	~-	2.4	2 222	25	2.5	21	2 220
drinks	35	35	21	2,338	35	35	21	2,338

74,124	129,546	85,437	53,665
	74,124	74,124 129,546	74,124 129,546 85,437

# **Policy:**

Although Chile bound its dairy product import duties (HS 04.02, 04.05, 04.06) at 31.5 percent in the Uruguay Round, a flat import tariff of 6 percent is applied on nearly all imported dairy products. Additionally, a value-added tax of 19 percent is charged at the consumer level on all goods, domestic or imported. Chile has reduced import duties only for Colombia and the United States for whole and non-fat dry milk as a result of the Free Trade Agreements with these countries. Non-fat dry milk has entered duty free since 2007 and whole dry milk since 2011. Colombia will have duty free access for both whole and non-fat dry milk by the end of 2012. Dairy products are excluded from the tariff reduction schedule for all other countries that have signed agreements with Chile.

As a result of Chile's trade agreements, the dairy industry expects to keep increasing its export market share. The US – Chile FTA provides for a 3,500 metric ton duty free quota for Chilean dairy products. This volume increases 10 percent each year until Chile gains duty free access in 2016. The agreement with the EU offers a duty free quota of 1,500 tons, with a yearly increment of 5 percent. The agreement reached with South Korea gives only a 1,000 mt duty free quota for whey powder, but there is an agreed upon reduction in the high duties for dairy products like yogurt and cheese in 10 years. Duties applied to these products are 40 and 38 percent respectively. No preferences were agreed for dairy products in the Chile-Japan trade agreement.

In an effort to increase domestic consumption of milk and milk products, the industry and producers continues with a promotional campaign. They have agreed to form and finance an association (Promolac: http://www.yotomoyocomo.cl/promolac) that manages the contributed funds in promotional campaigns, mainly through TV and printed media. Industry sources have indicated that promotion has been an important factor in total domestic dairy product per capita consumption which will reach 145 liters in CY2012.

U.		as Tariff-free dain metric tons)	ry produc	cts
Year		Condensed milk	Butter	Cheese
2004	828	489	300	1,432
2005	866	523	321	1,532
2006	948	560	343	1,639
2007	1,014	599	368	1,754
2008	1,085	641	393	1,877
2009	1,161	686	421	2,008
2010	1,243	734	450	2,149
2011	1,330	785	482	2,229
2012	1,423	840	515	2,460
2013	1,522	899	552	2,633
2014	1,629	962	590	2,817
2015		Unlimited		
Quotas a	llocated in order	of arrival.		

Dairy: Chile's tariff reduction schedule in trade agreements (1)

Country of origin	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Whole milk powder 0402.2118											
Australia	4,284%	3,426%	2,568%	1,710%	0,852%	0%	0%	0%	0%	0%	

Bolivia	Goods relea	ased from (	duties										
Canada	Current ger	neral tariff	of 6%. Goods	s excluded fi	om relief								
China					Free								
Colombia	2,04%	1,02%	0%										
Korea					Free								
Costa Rica		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
Cuba			Current gene	ral tariff of 6	5%. Goods e	excluded	from relie	ef.					
Ecuador		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
El Salvador		(	Current gene	ral tariff of 6	%. Goods e	excluded 1	from relie	f.					
US	0,75%	0,00%											
Guatemala		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
Honduras					Free								
India		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
Japan			Current gene										
México			Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
Panamá					Free								
Peru	3,00%	1,98%	1,02%	0,00%									
Venezuela	2,00.0				% Goods e	vcluded i	from relie	f					
EFTA		Current general tariff of 6%. Goods excluded from relief.											
Island	4							_					
Norway	_	Current general tariff of 6%. Goods excluded from relief.											
Switzerland													
Mercosur				1	Free								
P4	6%	6%	5%	4%	3%	2%	1%	0%					
European Union		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
NFDM 0402.1000	1												
Australia	4,284%	3,426%	2,568%	1,710%	0,852%	0%	0%	0%	0%	0%			
Bolivia					Free								
Canada		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
China					Free								
Colombia	2,04%	1,02%	0%										
So. Korea		-	•		Free								
Costa Rica		(	Current gene	ral tariff of 6	%. Goods e	excluded 1	from relie	f.					
Cuba			Current gene	ral tariff of 6	5%. Goods	excluded	from relie	f.					
Ecuador			Current gene										
El Salvador		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
US					Free								
Guatemala		(	Current gene	ral tariff of 6	%. Goods e	excluded 1	from relie	f.					
Honduras					Free								
India			Current gene										
Japan		(	Current gene	ral tariff of 6	5%. Goods e	excluded	from relie	f.					
México			Current gene										
Panamá					Free								
Peru	3,00%	1,98%	1,02%	0,00%									
Venezuela		(	Current gene	ral tariff of 6	%. Goods e	excluded	from relie	f.					
EFTA									_				
Island													
Norway	7	(	Current gene	ral tariff of 6	3%. Goods e	excluded t	from relie	f.					
Switzerland	-	`	carreine gene			ciaaca	5 1 C.1C	••					
Mercosur					Free								
P4	6%	6%	5%	4%	3%	2%	1%	0%					
	0%		Current gene						1				
European Union													

Description and Coding System, 8-digit level. This code can be different in each country.

	Dair	y: tariff redu	ction schedul	e of the parti	ner countrie	s in trade	agreeme	nts <sup>(1)</sup>		
Country of origin	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019

Australia	Whole milk	powder 04	02.2118												
Current general tariff of 264,9%, Goods excluded from relief	Australia					Free									
China   5%	Bolivia														
Colombia   13,20%   6,80%   0%   Current general tariff of 180,4%. Tariff reduction will be negotiated after Doha.	Canada			Current ger	neral tariff of 2	64.9%. Goods	s excluded	from relief							
Sc. Korea	China	5%	4%	3%	2%	1%	0%								
Current general tariff of 65%. Goods excluded from relief.	Colombia	13,20%	6,80%	0%											
Current general tariff of 15% y 20% depending on container. Goods excluded from relief.			Curren	t general tariff	of 180,4%. Ta	ariff reduction	will be neg	otiated afte	er Doha.						
Current general tariff of 15% y 20% depending on container. Goods excluded from relief.				Current ge	eneral tariff of 6	65%. Goods e	excluded fro	om relief.							
Current general tariff of 25%. Goods excluded from relief.						Free									
Solidado				Current ge	eneral tariff of 2		excluded fro	m relief.							
So,0/kg   So,0	El		Current gen	eral tariff of 1	5% v 20% dep	endina on cor	ntainer. Go	ods exclude	ed from rel	ief.					
Over	salvador	¢በ በ/ka									¢በ በ/k				
1,243															
Single   S	uc														
Guatemal a Current general tariff of 15% Goods excluded from relief.    Current general tariff of 15% y 20% depending on container. Goods excluded from relief.	J5	ton	1.330 ton	1.423 ton	1.522 ton	ton									
Guatemal a Current general tariff of 15%. Goods excluded from relief.  Honduras Current general tariff of 15% y 20% depending on container. Goods excluded from relief.  Current general tariff of 60%. Goods excluded from relief.  Current general tariff of 60%. Goods excluded from relief.  Current general tariff of 60%. Goods excluded from relief.  Current general tariff of 63%. Tariff preference of 30% import permit con with preferential treatment otherwise a tariff is applied.  Panamah Current general tariff of 62%. Goods excluded from relief.  Panamah Current general tariff of 62%. Goods excluded from relief.  Par of additional variable levies to the advalorem tariff. In July of 2013 will enter free of duty.  Venezuel Current general tariff of 30%. Goods excluded from relief.  Saland Current general tariff of 30%. Goods excluded from relief.  Saland Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Saland Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.  Pree Free European Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.  Norway Current general tariff of 10%. Product without preference.  Canada Current general tariff of 10% Product without preference.  Canada Current general tariff of 10% Product without preference.  Canada Current general tariff of 10% Ow Product without preference.  Canada Current general tariff of 180,4%. Tariff reduction will be negotiated after Doha.  Curcus general tariff of 55%. Goods excluded from relief.  Curbana Current general tariff of 50%. Goods excluded from relief.  Curbana Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods exc		\$1.092/k	\$0.873/kg	\$0,655/kg	\$0.436/kg	\$0,218/k	-	-	-	-	_				
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India   Current general tariff of 60%. Goods excluded from relief.	Guatemal		Current general tariff of 15%. Goods excluded from relief.												
India   Current general tariff of 60%. Goods excluded from relief.	anduras		Current gen	eral tariff of 1	5% v 20% dep	endina on cor	ntainer. Go	ods exclude	ed from rel	ief.					
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Panamá   Current general tariff of 62%. Goods excluded from relief.	México	Current ger	rrent general tariff of 63%. Tariff preference of 30% import permit con with preferential treatment otherwise a tariff												
Peru Pay of additional variable levies to the advalorem tariff. In July of 2013 will enter free of duty.  Venezuel Current general tariff of 20%. Goods excluded from relief.  Island Current general tariff of 30%. Goods excluded from relief.  Island Current general tariff of 30%. Goods excluded from relief.  Switzerla Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Switzerla Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.  NoRPM 0402.1000  Australia Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.  Current general tariff of 10%. Product without preference.  Canada Current general tariff of 201% but not less than \$2,82/kg. Goods excluded from relief.  Clolombi 13,20% 6,80% 0% 1% 0% 0% 0% 10 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%	Panamá		is applied.												
Current general tariff of 20%. Goods excluded from relief.			· · · · · · · · · · · · · · · · · · ·												
Current general tariff of 20%. Goods excluded from relief.    Current general tariff of 30%. Goods excluded from relief.			ray or addicto						iter free or	uuty.					
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Current general tariff of 23,99 Nok/kg. Goods excluded from relief.  Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Free  European Union  Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.  NFDM 0402.1000  Australia Bolivia  Current general tariff of 10%. Product without preference.  Canada  Current general tariff of 201% but not less than \$2,82/kg. Goods excluded from relief.  China 5% 4% 3% 2% 1% 0% 0% 10 0 0 0 0 0 0 0 0 0 0 0 0 0	Icland		Current general tariff of 30%. Goods excluded from relief.												
Switzerla defends a Current general tariff of 1340 Fr/100kg. Goods excluded from relief.  Mercosur Free P4 Free European Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.  NFDM 0402.1000 Australia Free Bolivia Current general tariff of 201% but not less than \$2,82/kg. Goods excluded from relief.  China 5% 4% 3% 2% 1% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%	15iaiiu														
Mercosur   Free	Norway			Current genera	il tariff of 23,99	9 Nok/kg. God	ods exclude	ed from relie	er. 						
Mercosur   Free	C:Ll-			`	l +:ff -f 1240	F=/100l-= C=		- d 6:							
Free			C	urrent genera	1 tariii 01 1340	rr/100kg. Go	ous exclud	ea iroini reii	iei.						
Current general tariff of 130,4 euro/100kg - 135,7 euro/100kg. Goods excluded from relief.	Mercosur					Free									
Union Current general tariff of 130,4 euro/100kg - 135,/ euro/100kg. Goods excluded from relief.  NFDM 0402.1000  Australia Bolivia Current general tariff of 10%. Product without preference.  Canada Current general tariff of 201% but not less than \$2,82/kg. Goods excluded from relief.  China 5% 4% 3% 2% 1% 0%	P4					Free									
Nich	European		Current gene	eral tariff of 13	0.4 euro/100ko	a - 135.7 euro	o/100ka. G	oods exclud	led from re	elief.					
Australia   Free   Bolivia   Current general tariff of 10%. Product without preference.		1000			-,		.,								
Current general tariff of 10%. Product without preference.						Free									
Canada   Current general tariff of 201% but not less than \$2,82/kg. Goods excluded from relief.				Current ge	neral tariff of 1		without pre	eference.							
Colombi a   13,20%   6,80%   0%			Current ge				•		from relie	f.					
So.   Current general tariff of 180,4%. Tariff reduction will be negotiated after Doha.		5%			1										
Current general tariff of 180,4%. Tariff reduction will be negotiated after Doha.  Current general tariff of 65%. Goods excluded from relief.  Cuba  Free  Ecuador  Current general tariff of 25%. Goods excluded from relief.  Current general tariff of 25%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Salvador  \$0,0/kg  \$0,0/kg  \$0,0/kg  \$0,0/kg  \$0,0/kg  \$0,0/kg  \$0,0/k  \$0	Colombi	12 200%	6 900%	00%											
Current general tariif of 180,4%. Tariii reduction will be negotiated after Dona.	a	13,20%	0,80%	0%											
Costa Rica  Current general tariff of 65%. Goods excluded from relief.  Free  Ecuador  Current general tariff of 25%. Goods excluded from relief.  Current general tariff of 25%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Current general tariff of 20%. Goods excluded from relief.  Salvador  \$0,0/kg			Curren	t general tariff	of 180,4%. Ta	riff reduction	will be neg	otiated afte	er Doha.						
Current general tariff of 65%. Goods excluded from relief.   Free															
Current general tariff of 25%. Goods excluded from relief.   Current general tariff of 20%. Goods excluded from relief.				Current ge	neral tariff of 6	55%. Goods e	xcluded fro	m relief.							
Current general tariff of 20%. Goods excluded from relief.   Salvador   S0,0/kg over over over over over   S0,0/kg over   S0,0/kg over over   S0,0/kg over over   S0,0/kg						Free									
Salvador	Ecuador			Current ge	neral tariff of 2	25%. Goods e	xcluded fro	m relief.							
\$0,0/kg over over over over g g g g g  734 ton	<del>_</del> -			Current ge	neral tariff of 2	20%. Goods e	xcluded fro	m relief.							
over         over         over         over         g         s         <	Saivador	¢በ በ/ka	¢0.0/kg						¢በ በ/៤	¢በ በ/៤	¢በ በ/৮				
US 734 ton 785 ton 840 ton 899 ton 962 ton 49,6cent/ 39,68cent 29,76cent 19,84cent 9,82cent / kg /kg /kg /kg															
49,6cent/ 39,68cent 29,76cent 19,84cent 9,82cent kg /kg /kg /kg	US						9	9	7	9	1 3				
kg /kg /kg /kg   Guatoma															
Cuatoma															
	Guatema		<del></del>	, ,			voluded fra	m roliof			-				

Hondura s	Current general tariff of 15%. Goods excluded from relief.
India	Current general tariff of 60%. Goods excluded from relief.
Japan	Current general tariff of 35%. Goods excluded from relief.
México	Current general tariff of 63%. Tariff preference of 30% import permit with preferential treatment otherwise a tariff will be applied.
Panamá	Current general tariff of 62%. Goods excluded from relief.
Peru	Pay of additional variable levies to the advalorem tariff. In July of 2013 will enter free of duty.
Venezuel a	Current general tariff of 20%. Goods excluded from relief.
EFTA	
Island	Current general tariff of 30%. Goods excluded from relief.
Norway	Current general tariff of 22,87 Nok/kg. Goods excluded from relief.
Switzerl and	Current general tariff of 323 Fr/100kg. Goods excluded from relief.
Mercosur	Free
P4	Free
Europea n Union	Current general tariff of 118,8 euro/100kg - 125,4 euro/100kg. Goods excluded from relief.

#### Notes:

(1) Based on the Harmonized Commodity Description and Coding System, 8-digit level. This code can be different in each country. (2) Whole powdered milk with fat content below 35%. For products with more than 35% fat is applied tariff of U.S. \$ 1,556 per kilo.

#### **Commodities:**

Dairy, Dry Whole Milk Powder

#### **Production:**

Close to 75 percent of Chile's production of dry milk is whole milk powder. Production of whole dry milk is expected to fall in CY2012 when compared to the previous year. For 2013 production of whole dry milk is expected to stay at similar level in spite of a predicted increase of milk output. Total milk production will expand as weather has been more favorable for grass production which is the basic food in most milk production regions.

**Consumption:** Dry milk is available for sale in all Chilean supermarkets and smaller grocery stores. Families that do not consume large quantities of milk or lack refrigerators to keep UHT fresh after opening prefer dry rather than fluid milk. Ultra high heat treated milk (UHT milk) is very common in Chile because you can store the containers for long time without refrigeration, but once opened the containers have to be kept in refrigerators. Government food programs also account for a significant proportion of dry milk consumption. Government tenders for dry milk may be filled by either domestic or imported product. During the winter months, the industry reconstitutes fluid milk from dry milk produced during the summer, in order to produce dairy products that have a constant demand throughout the year.

# Trade:

Chile's imports of whole dry milk depend on domestic production and on the exchange rate.

<sup>(</sup>c) It applies duty-free quota to 11 year life of the agreement. For amounts exceeding the duty-free quota entitlements would be maintained over years 1 to 7 and will remove tariffs from year 8 in five equal steps and made those goods duty free to count from January 1, 2012

Although, Chile's milk processing industry projects increases in its export markets in the coming years as the domestic industry becomes more competitive and the price incentive increases, industry sources indicated that this will depend on the exchange rate with the US dollar. Chile's main export markets are in Latin America, particularly Venezuela, Peru, Colombia and Mexico.

Dairy, Dry Whole Milk Powder Chile		2011			2012			2013	
	Market Yea	r Begin: Ja	n 2011	Market Yea	r Begin: Ja	n 2012	Market Ye	ar Begin: Ja	an 2013
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	14	14	14	10	10	18			18
Production	65	65	73	68	68	69			69
Other Imports	3	3	3	1	1	5			4
Total Imports	3	3	3	1	1	5			4
Total Supply	82	82	90	79	79	92			91
Other Exports	18	18	14	15	15	14			14
Total Exports	18	18	14	15	15	14			14
Human Dom. Consumption	54	54	58	55	55	60			60
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	54	54	58	55	55	60			60
Total Use	72	72	72	70	70	74			74
Ending Stocks	10	10	18	9	9	18			17
Total Distribution	82	82	90	79	79	92			91
CY Imp. from U.S.	0	0	0	0	0	0			0
CY. Exp. to U.S.	0	0	0	0	0	0			0

<b>Export Trade Matri</b>	x										
Country	Chile										
Commodity	Dairy, Dry	airy, Dry Whole Milk Powder									
Time Period	Jan-Dec	Units:	M.T.								
Imports for:	2010		2011	2011 (Jan-Aug)		2012 (Jan-Aug)					
U.S.	582	U.S.	428	U.S.	428	U.S.	0				
Others		Others		Others		Others					
Brazil	2675	Brazil	2800	Brazil	2800	Colombia	3863				
China	1350	Venezuela	2577	Venezuela	2577	Brazil	2250				
Venezuela	1023	Colombia	2475	China	2000	Venezuela	1920				
Cuba	825	China	2200	Algeria	1125	China	1000				
Algeria	750	Algeria	1125	Colombia	1075	Japan	200				
Dominican Rep	500	Cuba	700	Cuba	700	Peru	61				
Peru	326	Peru	577	Peru	527	Algeria	21				
Russia	225	Syria	175	Syria	175	U A Emirates	18				
Colombia	150	Guatemala	157	U A Emirates	150	South Korea	4				
Turkey	100	U A Emirates	150	Guatemala	144						
Total for Others	7924		12936		11273		9337				
Others not Listed	276		604		464		1594				
Grand Total	8782	_	13968	_	12165	_	10931				

Import Trade Matrix
Country

· · · · · · · ·	
Commodity	Dairy, Dry Whole Milk Powder

Commodity	Dally, Dry	Whole Milk Pow	uei				
Time Period	Jan-Dec	Units:	M.T.				
Imports for:	2010		2011	2011(Jan-Aug)		2012 (Jan-Aug)	
U.S.	0	U.S.	0	U.S.	0	U.S.	0
Others		Others		Others		Others	
Argentina	1073	Argentina	2580	Argentina	2355	Argentina	2975
Uruguay	102	Uruguay	200	Uruguay	150	Colombia	816
France	63	New Zealand	54	New Zealand	35	Uruguay	200
New Zealand	17	France	26	France	26	New Zealand	149
						Netherlands	1
Total for Others	1255		2860	•	2566	•	4141
Others not Listed	2		246	7	226		457
Grand Total	1257	_	3106	<b>-</b>	2792	<b>-</b>	4598

#### **Commodities:**

Dairy, Milk, Nonfat Dry

**Production:** Chile's NFDM production rose in 2011, as milk output increased. Production in 2012 is expected to increase slightly as total milk production will increase as was indicated by the industry, together with an increase in the domestic demand for NFDM.

**Consumption:** Chile's food industry determines to a great degree the consumption level of NFDM in Chile. Leading products made from NFDM are chocolate, ice cream and yogurt. The consumption rate of these products is in line with Chile's economic growth. In the outer years, utilization is expected to continue to increase, but at a slower rate.

**Trade:** The US has become again an important supplier of NFDM (non fat dry milk) for Chile. Competitive US prices for NFDM is the main reason for US milk imports, according to industry sources.

Dairy, Milk, Nonfat Dry Chile		2011			2012			2013		
	Market Yea	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012			Market Year Begin: Jan 2013			
	USDA	Old	New	USDA	Old	New	USDA	Old	New	
	Official	Post	Post	Official	Post	Post	Official	Post	Post	

Beginning Stocks	1	1	1	1	1	3		4
Production	17	17	19	17	17	20		20
Other Imports	5	5	5	5	5	6		5
Total Imports	5	5	7	5	5	6		5
Total Supply	23	23	27	23	23	29		29
Other Exports	2	2	2	2	2	2		2
Total Exports	2	2	2	2	2	2		2
Human Dom. Consumption	20	20	22	20	20	23		24
Other Use, Losses	0	0	0	0	0	0		0
Total Dom. Consumption	20	20	22	20	20	23		24
Total Use	22	22	24	22	22	25		26
Ending Stocks	1	1	3	1	1	4		3
Total Distribution	23	23	27	23	23	29		29
CY Imp. from U.S.	0	3	3	0	3	3		3
CY. Exp. to U.S.	0	3	0	0	3	0		0

# Export Trade Matrix Country

Country	Chile
Commodity	Dairy Milk Nonfat Dry

Commodity	Dali y, Ivilik	, Nonial Dry					
Time Period	Jan-Dec	Units:	M.T.				
Imports for:	2010		2011	2011 (Jan-Aเ	2011 (Jan-Aug) 2012 (Jan-Aug)		
U.S.	0	U.S.	123	U.S.	123	U.S.	0
Others		Others		Others		Others	
Mexico	1000	Brazil	1408	Brazil	1408	Brazil	3658
Brazil	931	Colombia	150	Venezuela	100	Colombia	475
Peru	460	Venezuela	100	Peru	11	Venezuela	200
Venezuela	275	Peru	11	Aruba	2		
Trinidad & Tobago	54	Aruba	3				
Japan	18						
Haiti	1						
Total for Others	2739		1672		1521		4333
Others not Listed	2		0		0		0
Grand Total	2741		1795	<u> </u>	1644		4333

Import Trade Matrix Country Chile

Commodity	Dairy, Milk	, Nonfat Dry					
Time Period	Jan-Dec	Units:	M.T.				
Imports for:	2010		2011	2011 (Jan-Aug)	)	2012 (Jan-Au	g)
U.S.	2724	U.S.	4361	U.S.	3470	U.S.	5581
Others		Others		Others		Others	
Argentina	395	Argentina	1159	Argentina	1159	Argentina	107
Uruguay	200	Canada	300	Canada	300	Uruguay	112
France	68	Germany	213	Germany	0	Brazil	25
		Uruguay	100	Uruguay	50	Italia	9
		Netherlands	51	Netherlands	51	Netherlands	1
		Brazil	25	Brazil	25		
Total for Others	663	•	1848		1585	•	254
Others not Listed	76	7	575	] [	2	7	558
Grand Total	3463	-	6784		5057	-	6393